

SUMMARY OF HISTORICAL EXPENDITURE LOOK BACK

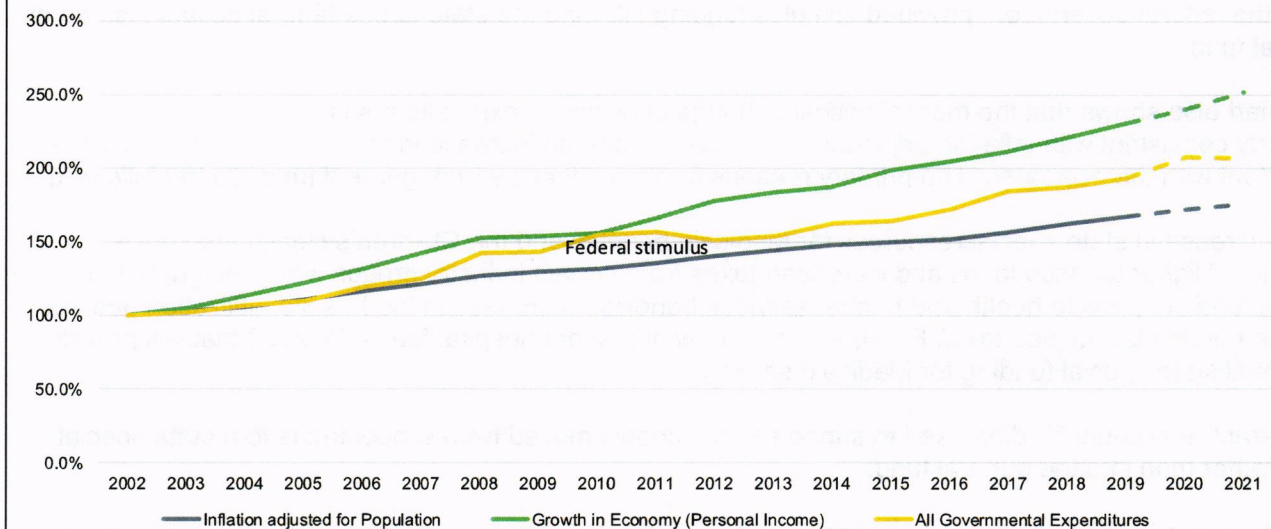
The purpose of this report is to present a history of agency expenditures, as well as explain any significant changes to the budgeted appropriations in the 2021 biennium. Expenditures are shown compared to inflation adjusted for population growth and growth in personal income. Financial planners use these comparisons to track expenditure growth. At times, important fiscal policy reasons dictate spending above or below the growth in economy.

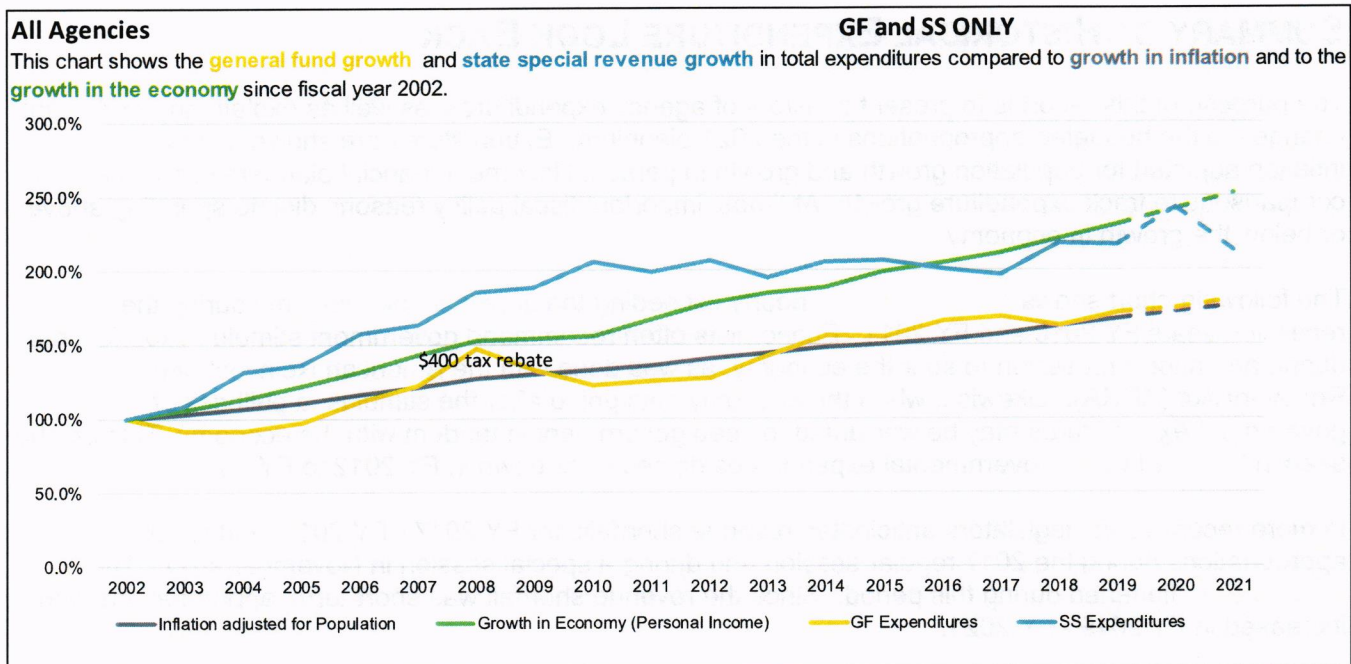
The following chart shows **all funds growth** nearly exceeding the **growth in the economy** during the recession years FY 2010 and FY 2011. Economists often recommend government stimulus expenditures during and after a recession to spur the economy, as was done with the American Reinvestment and Recovery Act (ARRA). Likewise, when the economy gets going after the stimulus, a pullback of government expenditures may be warranted to keep government in tandem with the economy. This can be seen in the chart when governmental expenditures dipped back down in FY 2012 to FY 2015.

In more recent years, legislators anticipated revenue shortfalls for FY 2017 - FY 2018, and reduced appropriations during the 2017 regular session and during a special session in November 2017. The **all funds growth** flattened during this period. Since the revenue shortfall was short-term, appropriations were increased in FY 2019 - FY 2021.

All Agencies

This chart shows the **all funds growth** in total expenditures compared to **growth in inflation** and to the **growth in the economy** since fiscal year 2002.





The above chart shows **general fund growth** below the **growth in inflation** until FY 2008 when the state provided a one-time-only \$400 tax rebate. Then it dips below growth in inflation during the recession years when the federal government provided stimulus funding allowing the state to use federal dollars instead of general fund.

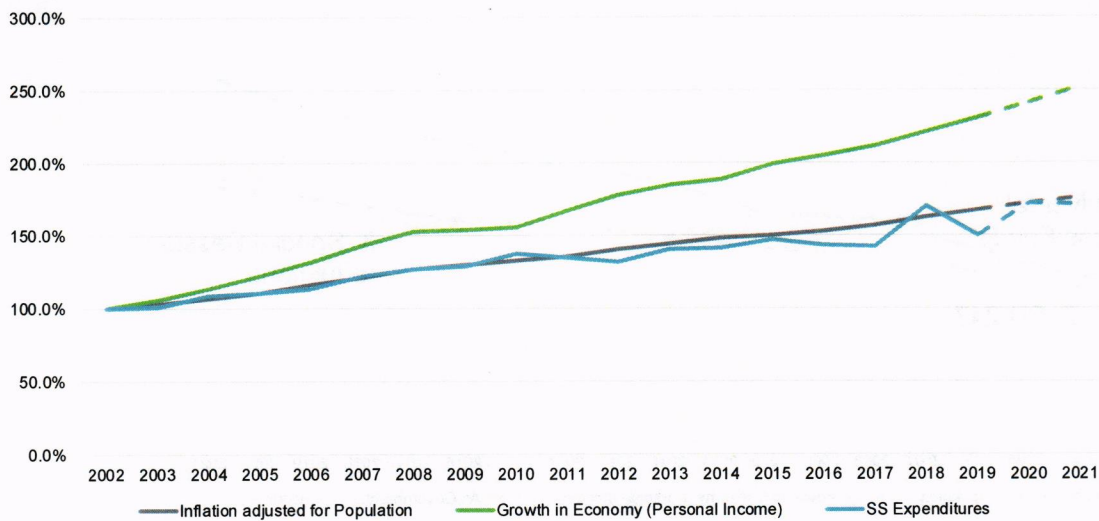
The chart also shows that the most significant change in historical expenditures is **general fund growth** relatively consistent with **inflation adjusted for population**, and an increase in **state special funds** relatively consistent with the **economy**. The primary reasons for the shift away from general fund are the following:

- 1) An increase in state special resources for Medicaid benefits and the Children's Health Insurance Program. Higher tobacco taxes and increased taxes from certain industry groups were designated as state special funds to provide health and human services benefits. Increases in the hospital utilization bed tax and the nursing facility bed tax in FY 2004, and a new outpatient hospital fee in FY 2020 that will provide additional state special funding for Medicaid services.
- 2) Guarantee account funding used to support K-12 schools moved from school trusts to a state special fund, rather than into the general fund.
- 3) An increase in the state special funding to local governments from oil and gas revenues and revenue sharing with the tribes (this accounts for the population between the early 2000s and 2015).

42010-Public Service Commission

SS Only

This chart shows the **general fund growth** and **state special revenue growth** in total expenditures compared to growth in inflation and to the **growth in the economy** since fiscal year 2002.



General fund

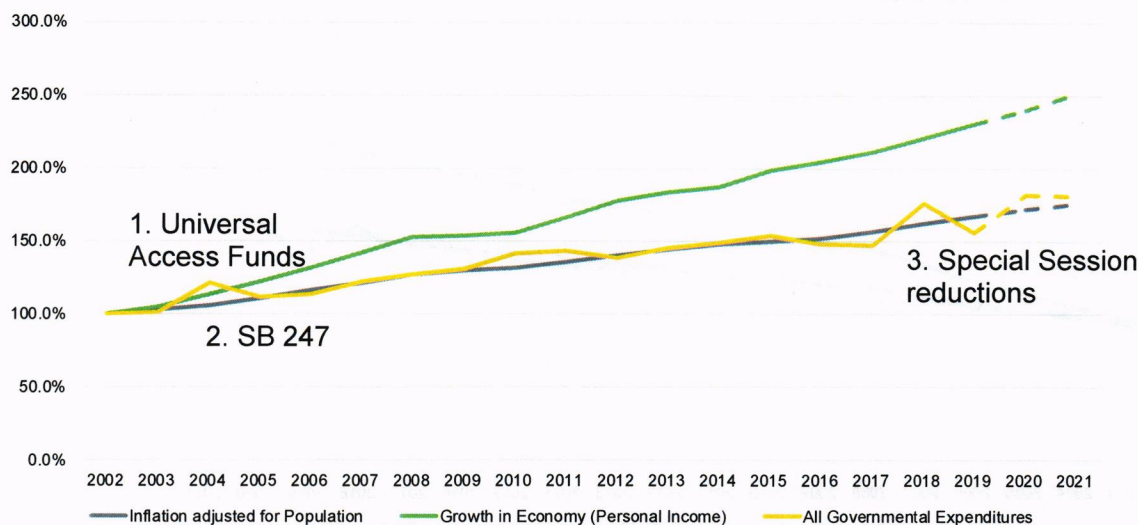
The Public Service Commission's budget does not include general fund.

State special revenue

The majority of growth in expenditures within the Public Service Commission has been supported by state special revenue. An increase in FY 2003 was due to the Montana Universal Access Program authority for the 2003 biennium. FY 2004 and FY 2005 included a \$500,000 increase in state special revenue to accommodate the passage of SB 247. The decrease in state special revenue in FY 2018 was due to reductions made in the November 2017 Special Session.

42010-Public Service Commission

This chart shows the **all funds growth** in total expenditures compared to growth in inflation and to the **growth in the economy** since fiscal year 2002.



The following list discusses in more detail the inflection points on the charts:

1. In FY 2003, the legislature approved an increase of \$1.0 million in state special revenue over the FY 2000 base budget which included \$683,454 of universal access funds in FY 2002. The 1999 legislature approved language in HB 2 for the 2001 biennium that appropriated \$650,000 for the Montana Universal Access Program authority for the 2003 biennium, but only \$12,620 was expended in FY 2000.
2. FY 2004 and FY 2005 included a \$500,000 increase in state special revenue to accommodate passage of SB 247. SB 247 established a default electricity supply procurement process and required the Public Service Commission to adopt rules to establish process criteria.
3. General fund revenue shortfalls occurred in FY 2017, and the legislature reduced FY 2018 appropriations during the 2017 regular session and during the November 2017 Special Session. Since the revenue shortfall was short-term, legislators increased appropriations in FY 2020-FY 2021.